

# Auxier Road Gas Company, Inc.

Box 785  
Prestonsburg, Kentucky 41653

Estill B. Branham  
President

RECEIVED  
DEC 01 2004  
PUBLIC SERVICE  
COMMISSION  
(606) 886-2314

November 30, 2004

Beth O'Donnell  
Executive Director  
Public Service Commission  
PO Box 615  
Frankfort, KY 40602

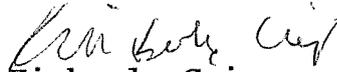
Case 2004-00487

Dear Ms. O'Donnell:

Enclosed is the Gas Cost Recovery for Jan 2005 thru March 2005.

If you have any questions, please call at the above number.

Sincerely,

  
Kimberly Crisp

Quiver Road Gas

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

November 30, 2004

Date Rates to be Effective:

January 1, 2004

Reporting Period is Calendar Quarter Ended:

September 30, 2004

SCHEDULE I  
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	10.669
+ Refund Adjustment (RA)	\$/Mcf	(0.1221)
+ Actual Adjustment (AA)	\$/Mcf	1.1882
+ Balance Adjustment (BA)	\$/Mcf	10.7351
<u>= Gas Cost Recovery Rate (GCR)</u>		

GCR to be effective for service rendered from January to March.

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	1108962
+ Sales for the 12 months ended <u>Sept 30, 2004</u>	Mcf	103946
<u>= Expected Gas Cost (EGC)</u>	\$/Mcf	10.669

<u>B. REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
<u>= Refund Adjustment (RA)</u>	\$/Mcf	

<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(0.0586)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.2620)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	0.3878
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.1893)
<u>= Actual Adjustment (AA)</u>	\$/Mcf	(0.1221)

<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	0.061
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	(0.104)
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	0.1064
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	0.1248
<u>= Balance Adjustment (BA)</u>	\$/Mcf	0.1882

SCHEDULE II  
EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended Sept 30, 2004

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation Energy			35354	12.0688	426680
Oel-Kaas Drilling			4066	3.10	12605
Equitable Resource			7492	13.0520	97786
CBS Gas			19307	2.9768	57477
Columbia NR			41010	12.5436	514413
Totals			<u>107229</u>		<u>1108957</u>

Line loss for 12 months ended Sept 30, 2004 is 3.1 % based on purchases of 107229 Mcf and sales of 103946 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	1108957
+ Mcf Purchases (4)	Mcf	<u>107229</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.3420
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	<u>107229</u>
= Total Expected Gas Cost (to Schedule IA.)	\$	1108962

\*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.  
\*\*Supplier's tariff sheets or notices are attached.

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended September 30, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	
<u>+ Interest</u>	\$	<u>          </u>
= Refund Adjustment including interest	\$	
<u>+ Sales for 12 months ended _____</u>	Mcf	<u>          </u>
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended September 30, 2004

Particulars	Unit	Month 1 (July)	Month 2 (Aug)	Month 3 (Sept)
Total Supply Volumes Purchased	Mcf	4400	4519	4290
Total Cost of Volumes Purchased	\$	23679	25664	30344
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	4180	4293	4199
= Unit Cost of Gas	\$/Mcf	5.6648	5.9781	7.2265
- EGC in effect for month	\$/Mcf	6.7997	6.7997	6.7917
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(1.1349)	(0.8216)	0.4268
x Actual sales during month	Mcf	3944	4144	4199
= Monthly cost difference	\$	(4476)	(3405)	1792

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(6089)
÷ Sales for 12 months ended <u>Sept 30, 2004.</u>	Mcf	103946
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(0.0586)

SCHEDULE V  
BALANCE ADJUSTMENT

For the 3 month period ended September 30, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	(72478)
Less: Dollar amount resulting from the AA of (7578) \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of 103946 Mcf during the 12-month period the AA was in effect.	\$	(78770)
Equals: Balance Adjustment for the AA.	\$	<u>6292</u>
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect.	\$	
Equals: Balance Adjustment for the RA.	\$	<u>          </u>
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect.	\$	
Equals: Balance Adjustment for the BA.	\$	<u>          </u>
Total Balance Adjustment Amount (1) + (2) + (3)	\$	6292
+ Sales for 12 months ended <u>Sept 30, 2004</u>	Mcf	<u>103946</u>
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	.061

# Auxier Road Gas Company, Inc.

Box 785  
Prestonsburg, Kentucky 41653

**Estill B. Branham**  
President

(606) 886-2314

	<u>Base Rate</u>	<u>Gas Cost</u> <u>Per</u>	<u>Total</u>
FIRST MCE (Minimum Bill)	5.11	10.7351	15.8451
AKL OVER FIRST MCE	4.2599	10.7351	14.995

COLUMBIA NATURAL RESOURCES, LLC  
 900 Pennsylvania Avenue  
 P. O. Box 6070  
 Charleston, West Virginia 25362-0070

DATE: **NOVEMBER 29, 2004**  
 BUS. PERIOD:

CLIENT NO.: 089985-01  
 CONTRACT NO.: SSE003  
 INVOICE NUMBER: SSE0030404  
 VOUCHER NUMBER: 00404579

NAME: Auxier Road Gas Company Inc.  
 ADDRESS: P.O. Box 785

CITY: Prestonburg, KY 41653  
 ATTN: Estill Branham

ESTIMATED GAS COST

2005 JANUARY	-	\$10.2423	DTH	-	VOLUME	15,258	DTH		Conversion Factor
									=1.229 = \$12.5878 MCF
2005 FEBRUARY		\$10.2782	DTH	-	VOLUME	11,543	DTH		=1.229 = \$12.6319 MCF
2005 MARCH	-	\$10.0986	DTH	-	VOLUME	4,005	DTH		=1.229 = \$12.4111 MCF
									Average \$12.5436 MCF

837016

Make Check Payable To: Columbia Natural Resources, Inc.  
 Please Remit Check To: P.O. Box 1073  
 Charleston, WV 25324  
 Please Return One Copy Of This Invoice With Your Remittance

**Constellation NewEnergy - Gas Division**

9980 Corporate Campus Dr. Suite 2000, Louisville, KY 40223  
 Phone: (502) 428-4300 Fax: (502) 428-8900

Erill Brannham  
 606 883-2314  
 606/889-0466

**AUXIER ROAD GAS COMPANY**  
**Estimated Citygate Prices if Bought Monthly**

Month	(A) NYMEX 11/24/04	(B) Basis	(C) TCO Fuel	(D) TCO Transportation	(E) Auxier Road Gas Citygate (\$/Dth) (A+B)/(C+D)	(F) Estimated Consumption Dth <small>(Used 2004 Consumption)</small>	(G) Total Cost Monthly (E*F)
Jan-05	\$8.6390	\$0.6300	0.97435	\$0.2900	\$9.8646	11,841	\$116,806.59
Feb-05	\$8.7090	\$0.6900	0.97435	\$0.2900	\$9.9364	5,157	\$51,242.17
Mar-05	\$8.3590	\$0.6900	0.97435	\$0.2900	\$8.5772	4,598	\$44,036.04
						21,596	\$212,084.81

WACOG = \$9.82 DTH  
 Conversion Factor 1.229 BTU Factor  
 \$12.0688 MCF

# EQUITABLE ENERGY LLC

110 Allegheny Center Mall  
Pittsburgh, PA 15212-5331

November 24, 2004

Auxier Road Gas Company  
Attention: Estill Branham  
Post Office Box 785  
Prestonburg, KY 41653

Mr. Branham,

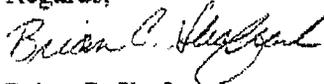
Equitable welcomes the opportunity to continue to fulfill all of your needs regarding natural gas supplies. For the time period of January to March 2004 the price is \$10.62/DTH. This price is for indication purpose only due to constant fluctuation of the NYMEX. Your purchased volumes are as follows:

January	11,105/dth/month	Conversion factor	-\$10.62 DTH
February	8,612/dth/month		<u>1.229</u> BTU Factor
March	6,060/dth/month		\$13.0520 MCF

Any usage above or below these volumes will be charged at current market prices.

If you have any questions, please call me at 412-395-2627. Thank you again.

Regards,



Brian C. Shafranek  
Manager of Origination

*Auxiet Road Gas Co., Inc.*

P. O. Box 785

Prestonsburg, Kentucky 41653

**RECEIVED**

DEC 01 2 11

**PUBLIC SERVICE  
COMMISSION**

**RE: GAS COST RECOVERY**

UNITED STATES POSTAGE  
147  
5412 \$ 00.830  
1692  
PB6603542  
NOV 30 04  
PRESTONSBURG KY 41653

**MS. BETH O'DONNELL  
EXECUTIVE DIRECTOR  
PUBLIC SERVICE COMMISSION  
PO BOX 615  
FRANKFORT, KY 40602**